FORM MR-AR (Revised 2/88) Received 2-2-90

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING 355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203 Telephone: (801) 538-5340

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

Ι.	GENE	RAL INFORMATION	
	1.	Report Time Period:	From (mo./yr.) <u>01/89</u> To (mo./yr.) <u>12/89</u>
	2.	DOGM File Number (or	iginal notice): <u>M / 023 / 007</u>
	3.	Mine Name: North I	ily Project
	4.	Mineral(s) Mined:	Gold and silver.
	5.	Name of Operator or	Company: North Lily Mining Company
	6.	Permanent Address:	North Lily Mining Company
		en e	P.O. Box 421
			Eureka, Utah 84628
	7.	Name:	ive (or designated operator): Grant A. Pinkerton General Manager
		Address:	P.O. Box 421 Eureka, Utah 84628
		Phone:	801-433-6804
		Please check i previous year.	f any of the above information has changed since
II.	. MIN	ING AND RECLAMATION	
	1.	Was the mine active	during the past year? Yes X No _
	2.	If active, how much	ore or mineral was mined? 125,000 tons

Over

3	l.	Briefly describe any new or additional surface disturbances that occurred during the past year. This description should include the type of work performed, volume of material moved, and the acreage affected.	
		SEE ATTACHED SHEET	
4		Briefly describe the reclamation work performed during the past year. This description should include acreage reclaimed, methods employed, and an evaluation of the results. SEE ATTACHED SHEET	
5		What was the total unreclaimed acreage at years end? SEE ATTACHED SHEET	
6	·	Briefly summarize mining and reclamation planned for the upcoming year SEE ATTACHED SHEET	
NOTE:		Section III., "Additional Information" applies only to <u>large mining</u> operations.	
III.	ADD]	ITIONAL INFORMATION	
1	• .	An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.	
2	•	Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.	
IV. S	IGNA	ATURE REQUIREMENT	
I	hei	reby certify that the foregoing is true and correct.	
		Signature of Operator:	
		Title of Operator: General Manager	
		Date: 1/3/90	

Annual Report of Mining Operations Attachment 1

#3

- 1. A new pad was constructed, adjoining the south edge of existing pad.
- 2. A clay borrow area was stripped for access to clay bed.
- 3. Started removing a mine waste dump to be placed on leach pad at plant sight.

acreage affected:

new pad area 4.2 acres clay borrow 2.0 acres mine area 6.0 acres

TOTAL

12.2 acres

#4

The dump area where the first mill tails was removed was cleaned, re-graded and prepared for seeding. Seeding will finish the first part of Spring. Organic material is on site.

acreage affected: 15 acres

#5

plant area approx 15 acres clay borrow 2 acres dump area 6 acres

TOTAL 23 acres

#6

- 1. During 1990 the pad expansion will be completed. It was not complete because of freezing weather during winter.
- 2. When pad is complete, the clay borrow area will be reclaimed.
- 3. When dump is removed, the area will be reclaimed. Pad area is contoured and stabilized for erosion. Clay borrow is contoured, topsoil piles are stable and compacted. Dump area; approx 200,000 tons of material will be hauled and dump area of 6 acres will be reclaimed.